GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:3991
ANSWERED ON:19.04.2000
POLICY OF STEEL
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Will the Minister of STEEL be pleased to state:

(a) whether the Government have taken series of policy measures in the light of Memorandum received from the Steel Industry in terms of targets set and achieved by standard norms during the last year and current year;

(b) if so, the details thereof along with their impact on performance of steel sector so far;

(c) the second generation reforms proposed/under consideration for making steel sector globally competitive and cost effective; and

(d) the performance of steel PSUs during the last three years?

Answer

MINISTER OF STATE FOR STEEL

(SHRI DILIP RAY)

(a) & (b): The Government has taken several policy measures in the past 2-3 years for the growth and development of Steel Industry. These interalia include the following:

1.Enhanced allocation for infrastructure development, housing, power, highways in the last two budgets.

2.A National Compaign has been launched to increase the consumption of steel, particularly in Rural and Agro-based Industrial Sector.

3.A Steel Exporters` Forum has been constituted to boost export of steel.

4.An Empowered Committee has been set up for Research & Development activities in steel sector.

5.An Institute for Steel Development & Growth for promotion of intensive usage of steel in construction sector has been established.

6.Some of the other measures taken up to facilitate exports include:

i) full convertibility of exports earning at market rate of exchange;
ii) Facility available to Exporters to import their requirement of raw materials duty free under the Advance Licensing Scheme;
iii) Refund of the duty paid on any imported or excisable material used in the manufacture of export goods;
iv) Rationalisation of duty credit rates under Duty Entitlement Pass Book (DEPB) Scheme on most of the iron and steel items to encourage export of iron and steel;
v) Imposition of Anti-dumping duty on import of HR coils from Ukraine and Russia to check cheap imports.
vi) Enhanced Project financing to steel sector by All-India financial Institutions and relaxation of ECB norms has been strongly recommended;
vii) Exclusion of freight and handling charges for computation of Excise Duty on steel despatched from stockyards of integrated steel plants;
viii) Reduction in duty on raw materials used in steel making; and ix) Floor prices were fixed for certain items of finihsed steel to restrict cheap imports.

As a result of these measures the Steel Industry has started showing signs of revival after a slow down in growth for 3 years.

(c) In pursuance of Government`s commitment to early implementation of the second phase of the economic reforms and with a view to further liberalizing the Foreign direct Investment (FDI) regime, Government has recently placed all items/activities including Iron & Steel under the automatic route for Foreign Direct Investment (FDI)/Non Resident Indian (NRI) and Overseas Corporate Body (OCE investment subject to certain conditions. This is expected to facilitate flow of modern technology as well as foreign investment in the iron & steel sector. Further, the new Steel Plants set up or being set up in the post liberalisation era have adopted/been adopting modern, cost-effective, state-of-the-art technologies for manufacture of Iron & Steel products which are expected to help the steel plants to produce quality steel at competitive cost and also to become competitive in the international market.

(d) The Production Performance of Steel PSUs during the last 3 years in terms of saleable steel is as below:

(`000 Tonnes)

Year	SAIL	VSP
1997-98	9043	2250
1998-99	8602	1933
1999-2000	9530 (Provisional)	2382 (Provisional)